

# **INDUSTRIAL REVENUE / HOUSING BONDS POLICIES AND GUIDELINES OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**

## **Introduction**

The Lexington-Fayette Urban County Government is authorized by provisions of Kentucky law (KRS Chapter 103) to issue industrial building revenue bonds to finance the development or expansion of industrial facilities.<sup>1</sup> The purpose of this law is to enable the Urban County Government to promote local economic development through the introduction, retention, and expansion of new business and industry in Lexington-Fayette County.<sup>2</sup> For housing financing, KRS Chapter 103 allows the financing of new or existing housing within the downtown area only.<sup>3</sup> The housing projects not in the downtown area, are covered by KRS 67.083 which allows a government to issue bonds for facilitating the construction of new or existing housing and KRS 67.712 (2) allows an urban county government to issue the same bonds mentioned in KRS 67.083.<sup>4</sup> Federal regulations require that housing projects benefiting from tax exempt housing bonds are to benefit low-moderate income families/individuals.<sup>5</sup> It is the policy of the Lexington-Fayette Urban County Government to use these bonds to assist projects which will benefit the entire community, and for which other forms of financing are not feasible or desirable.

The Urban County Government requires that each project be located within Fayette County, and encourages the use of local and Kentucky bond counsel, architects, engineers contractors, etc., in the development of the project.

## **Structure of Bond Financing**

Industrial revenue bonds are tax-exempt municipal securities issued for the purpose of financing the building and equipping of industrial facilities<sup>6</sup> and housing bonds are tax-exempt municipal securities issued for the purpose of facilitating new and existing housing.<sup>7</sup> Proceeds from these bonds are loaned to responsible companies.<sup>8</sup> The Lexington-Fayette Urban County Government, as consideration for issuance of the bonds and the use of the proceeds to finance the project, will enter into a loan agreement with the successful applicant, which will acknowledge its obligations under the agreement by a note. The note would generally require payments of principal and interest corresponding in time and amount to the principal and interest payments becoming due on the bonds.<sup>9</sup>

Although KRS Chapter 103 also authorizes the use of a lease or installment sale arrangement in the issuance of industrial revenue bonds, the Urban County Government will use only the loan agreement format authorized in that Chapter. The use of the loan arrangement, rather than by a lease or installment sale, ensures that the user will not have to transfer title to the Urban County Government,<sup>10</sup> and that the property will remain subject to ad valorem property taxation.

Industrial revenue bonds and housing bonds do not constitute an indebtedness of the Urban County Government; these bonds are payable solely from the revenues derived from the project.<sup>11</sup>

## **Permitted Uses of Bond Proceed**

### **Industrial Revenue Bonds**

The Kentucky General Assembly has amended Chapter 103 of the Kentucky Revised Statutes to expand the definition of "industrial building" to include various types of projects. Thus, current state law provides that these bonds may finance the following as eligible industrial projects:<sup>12</sup>

- (1) Any activity, business or industry for the manufacturing, processing or assembling of any commercial product, including agricultural, mining or manufactured products, together with storage, warehousing and distribution facilities in respect thereof;
- (2) Any undertaking involving the construction, reconstruction and use of airports, mass commuting facilities, ship canals, ports or port facilities, docks or wharf facilities or harbor facilities, off-street parking facilities or of railroads, monorails or tramways, railway or airline terminals, cable television, mass communication facilities, and related facilities;
- (3) Any buildings, structures and facilities, including the site thereof and machinery, equipment and furnishings suitable for use as health care or related facilities, including without limitation, hospitals, clinics, nursing homes, research facilities, extended or long-term care facilities, including housing for the aged or the infirm and all buildings, structures and facilities deemed necessary or useful in connection therewith;
- (4) Any nonprofit educational institution in any manner related to or in furtherance of the educational purposes of such institution, including but not limited to classroom, laboratory, housing, administrative, physical educational and medical research and treatment facilities;
- (5) Any facilities for any recreation or amusement park, public park or theme park, including specifically facilities for the use of nonprofit entities in making recreational and cultural benefits available to the public;<sup>13</sup>
- (6) Any facilities involving manufacturing and service industries which process raw agricultural products, including timber provide value added functions, or supply ingredients used for production of basic agricultural crops and products;
- (7) Any facilities incident to the development of industrial sites, including land costs and the costs of site improvements thereon, such as grading, streets, drainage, storm and

sanitary sewers, and other facilities and structures incidental to the use of such site or sites for industrial use;

(8) Any facilities for the furnishing of water if available on reasonable demand to members of the general public;

(9) Any facilities for the extraction, production, grading, separating, washing, drying, preparing, sorting, loading and distribution of mineral resources, together with related facilities;

(10) Any convention or trade show facilities, together with all related and subordinate facilities necessary to the development and proper utilization thereof;

(11) Any facilities designed and constructed to be used as hotels and/or motels, together with all related and subordinate facilities necessary to the operation thereof, including site preparation and similar facilities;<sup>13</sup>

(12) Any activity designed for the preservation of residential neighborhoods, provided that such activity receives approval of the heritage division and insures the preservation of not fewer than four (4) family units.

(13) Any activity designed for the preservation of commercial or residential buildings which are on the National Register of Historic Places or within an area designated as a national historic district or approved by the heritage division.

(14) Any activity, including new construction, designed for revitalization or redevelopment of downtown business districts as designated by the issuer.<sup>13</sup>

### **Housing Bonds<sup>14</sup>**

(1) Any facility that would facilitate the construction of new or existing multifamily units for low to moderate income families/individuals.

### **Sale of Bonds**

If the bonds are to be sold through private placements, a copy of the placement letter and financial commitment letter must be submitted. The commitment letter must indicate the firm(s) with which the transaction will be placed. The commitment letter will serve as evidence that the lender has performed adequate due diligence and considers the bonds a sound investment. In case of a public offering, a copy of the purchase contract must be provided. This serves as evidence that the underwriter has performed adequate due diligence.

## **Bond Counsel**

Because the issuance of industrial revenue bonds and housing bonds is a legal process, and includes questions of local, state and federal law, the involvement of counsel is required in all phases of discussion and approval. Due to the level of professional expertise required in the preparation of IRB/HB documentation, this process requires the use of experienced bond counsel. Selection of Bond Counsel shall be from the Bond Buyer's Market Place Directory.

## **APPLICATION PROCEDURE "A"<sup>15</sup>**

A company interested in exploring the feasibility of either industrial revenue bond or housing bond financing of a project within Lexington-Fayette County should first contact the Mayor's Office of Economic Development, 12th Floor, 200 East Main Street, Lexington, Kentucky 40507, (859) 258-3131. Information on policies and procedures, with a standard application form, will be furnished. It is recommended that this initial contact be established at least three to four weeks in advance of the submission of the application, so that proper procedure and scheduling may be assured in the processing of the application. In particular, adequate time for staff review of all, application material is required, prior to sending the complete application through the formal review process.

## **Application Materials**

Applicants for IRB and HB financing must complete and submit twenty-five (25) copies of the appropriate application form, and twenty-five (25) copies of all accompanying materials as required in the application form.

An application deposit of \$2,500.00 must accompany the application. Any amount of said application deposit not required to compensate the Urban County Government for necessary expenses incurred during review of the application will be refunded to the applicant.

## **Preliminary Staff Review**

Staff review of the application includes., but is not limited to, completeness of application materials, and consideration of the economic benefits to be derived from the project. Upon completion of this review, the application shall be referred to the IRB/HB Review Committee, along with comments from staff.

## **IRB/HB Review Committee**<sup>15</sup>

After preliminary staff review, the Industrial Revenue/Housing Bond Review Committee is responsible for reviewing the proposed terms of the issuance of the bonds. The IRB/HB Review Committee is 'composed of eight members appointed by the Mayor, subject to confirmation by the Urban County Council.

Review Committee meetings are scheduled upon the staff's determination of completeness of application materials. An official representative of the applicant, assisted by bond counsel, is required to be present at the Committee meetings where the applicant's application is considered.

The IRB/HB Review Committee shall determine its own procedures for the hearing of IRB/HB applications.<sup>16</sup>

In the evaluation of specific projects, the Review Committee examines many factors relevant to the project including the factors attached to both the Housing Bond Application and the Industrial Revenue Bond Application. In general, the Review Committee may rely upon the Policy Statements formulated by Kentucky's Private Activity Bond Allocation Committee. The Committee's Policy Statement on Project Evaluation is attached as an appendix.<sup>17</sup>

At least one week prior to each Review Committee meeting, public notice will be provided, and additional notice will be sent to the Chamber of Commerce and anyone that the staff may designate as having a direct interest in the project scheduled for discussion.

The IRB/HB Review Committee votes to give the project a favorable or unfavorable recommendation and forwards these recommendation to the Urban County Council for review with the original application materials.

### **Inducement Resolution**

Subsequent to the Review Committee meeting, and prior to project review by the Urban County Council, the bond counsel must prepare and submit twenty-five (25) copies of a draft inducement resolution and memorandum of agreement to the Mayor's Office of Economic Development. The inducement resolution and memorandum of agreement are an expression of intent by the Urban County Government to issue industrial revenue or housing bonds to finance the project in order to induce the company to develop its project within Lexington-Fayette County. The inducement resolution and memorandum of agreement also set forth general terms and conditions of the loan arrangement and other matters pertaining to the project. An inducement resolution and memorandum of agreement are necessary before a company may make any expenditure for the project which may be reimbursed from the proceeds of the sale of the bonds.

The inducement resolution shall be placed on the agenda of a Council work session for discussion and, if approved, shall receive readings at two separate meetings of the Urban County Council, with a reasonable opportunity for the public to comment on the project.

**IT SHALL BE THE POLICY OF THE URBAN COUNTY COUNCIL TO RESERVE THE RIGHT TO IMPOSE ADDITIONAL REQUIREMENTS TO THE TERMS OF THE BOND**

**ISSUE, WHENEVER DEEMED NECESSARY FOR COMMUNITY BETTERMENT OR TO FURTHER THE IMPLEMENTATION OF COMMUNITY GOALS AND POLICIES.**

**Bond Ordinance**<sup>18</sup>

The final legal step prior to issuance of industrial building revenue bonds or the housing bonds is the passage of a Bond Ordinance by the Urban County Council, which ordinance, if passed, shall include:

- a. The loan agreement between the Urban County Government and the applicant.
- b. The Mortgage Deed of Trust between the Urban County Government and the Trustee for the Bondholders.

The process for Bond Ordinance approval repeats the steps for the Inducement Resolution. At least twenty-five (25) copies of each document must be forwarded to the Office of Economic Development which will forward the documents to the Council for placement on the agenda. Two readings at separate Council meetings are required. The occasion of the second reading of the bond ordinance shall also serve as the public hearing on revenue bond projects, as required by Federal law.

**Issuing Fees**

The Lexington-Fayette Urban County Government requires an issuing fee of one-fourth of one percent of the principal amount of the bond issue to satisfy all costs, including attorney's fees, incurred by the Urban County Government in conjunction with the issuance of the bonds.

The issuing fee may be of the issuance of the paid out of the proceeds of the bond issue, and is due at the time bonds.

All required deposits and fees shall be waived for projects undertaken by the Urban County Government as applicant.

**Kentucky Private Activity Bond Allocation Committee**

State law KRS 103.2101 requires that proposed bond financing of specific projects be reviewed and approved by the Kentucky Private Activity Bond Allocation Committee. The committee is required to review and approve those projects enumerated in the earlier section titled "Permitted Uses of Bond Proceeds" as (11), (12), (13) and (14), and off-street parking facilities, cable television and mass communication facilities included in (2).<sup>19</sup>

The review<sup>20</sup> includes the economic need for the project in the area, its impact on other businesses in the area, the availability of conventional financing, conformity to the intent

of state law and the project's economic soundness. Additional information on the Kentucky Private Activity Bond Allocation Committee may be obtained from:

**Office of Financial Management and Economic Analysis  
Finance and Administration Cabinet  
261 Capital Annex  
Frankfort, Kentucky 40601  
(502) 564-2924**

**Alternate Issuer of Bonds**<sup>21</sup>

The Lexington-Fayette Urban County Government has the authority to issue industrial revenue and housing bonds for all eligible projects located within Fayette County. Current state law provides that the Kentucky Economic Development Finance Authority may also issue such bonds at the request of the Urban County Government. No such request will be made without approval of an Inducement Resolution by the Urban County Council. Therefore, all applicants for industrial revenue or housing bonds for projects in Fayette County must adhere to the procedures outlined herein.

**ANNOTATIONS TO  
INDUSTRIAL REVENUE/HOUSING BONDS  
THE  
POLICIES AND GUIDELINES OF  
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**

1. Specific authorization for the issuance of bonds is granted in KRS 103.210(1) for the purposed of defraying the cost of acquiring any "industrial building." The types of facilities meeting the definition of an "industrial building" are discussed in the "Uses" section of the Policies and Guidelines.

Bonds may be issued only after an ordinance or resolution has been adopted by the legislative body of the city or the fiscal court of the county, or the governing body of the Kentucky Economic Development Finance Authority.

A restriction on the authorization of bonds pursuant to KRS Chapter 103 is set forth in KRS 103.220(6) which states that "[n]o bonds shall be issued in violation of federal statutes or regulations prohibiting arbitrage profits." Arbitrage profits are prohibited by Internal Revenue Code section 148.

2. Specific purposes are stated in KRS 103.210(1), including the promotion of economic development.
3. Housing bonds are not specifically mentioned in KRS Chapter 103, but KRS 103.200(1) defines a "building" or "industrial building" to include: "any land and

buildings, any facility . . . and all real and personal properties ... which shall be suitable for the following or any combination thereof: (n) Any activity, including new construction, designed for revitalization or redevelopment of downtown business districts as designated by the issuer." This definition appears to include residential properties in downtown business districts.

4. KRS 67.083(3) provides that

"[T]he fiscal court of any county may . . . issue bonds . . . in performance of the following public functions:

(j) Facilitating the construction and purchase of new and existing housing; causing the repair or demolition of structures which present a hazard to public health, safety or morals or are otherwise inimical to the welfare of residents of the county; causing the redevelopment of housing and related commercial, industrial and service facilities in urban or rural areas; providing educating and counseling services and technical assistance to present and future residents of publicly assisted housing;"

KRS 67.712(2) further provides:

Whenever rights, powers, privileges, immunities and responsibilities are granted to the fiscal court in general statutes, the same shall be considered a grant in those counties in which an urban-county government has been adopted pursuant to KRS Chapter 67A to the legislative body of the urban government.

5. The federal regulations requiring that the housing projects financed with the bonds benefit low-moderate income families/individuals are located in the Internal Revenue Code. Limitations on tenants' are conditions to tax exempt status for the bonds. Most housing bonds will be classified as private activity bonds applying either the "private business use" test or the "private loan financing" test of Code §141. These two tests may be summarized as follows:

- ☐ Private Business Use - applies if more than 10% of the proceeds are used for any private business use, or if more than 10% of the proceeds are secured by property used for a private business use, or if more than 10% of the repayments are to be derived from private business property.
- ☐ Private Loan Financing - applies if the proceeds are used to make or finance loans to a non-governmental borrower for 5% or more of the proceeds or \$5,000,000, whichever is less.

Private activity bonds may be tax-exempt only if they are "qualified" as defined in Code §141(e). Section 141(e) provides that a private activity bond is qualified if, among other requirements, it is for an "exempt facility." A bond is an "exempt facility bond" under



§142(a)(7) if more than 95% of the proceeds are used to provide "qualified residential rental projects," defined as residential rental property which at all times meets one of two tests: (1) 20% or more of the residential units are occupied by individuals whose income is 50% or less of the area median gross income; or (2) 40% or more of the residential units are occupied by individuals whose gross income is 60% or less of the area median gross income. Adjustments for family size are made in determining the area median incomes used to qualify tenants as having low or moderate incomes. (The adjustments parallel those under Section 8 of the United State Housing Act of 1937.)

The **Tax Reform Act** of 1986 also requires that each residential unit include separate and complete facilities for living, sleeping, eating, cooking and sanitation.

The other federal regulations which must be met in order for private activity housing bonds to be tax-exempt are contained in Code §§ 146 - 150. These requirements are the same for the industrial revenue bonds and are set forth in the discussion of tax-exempt IRBs, in annotation 6, below.

6. "Industrial Revenue Bonds" are not a defined term in KRS Chapter 103. "Buildings" and "industrial buildings" include "any activity, business or industry for the manufacturing, processing or assembling of any commercial product . . ." as well as "[a]ny facilities incident to the development of industrial sites . . ." These purposes are consistent with those described in the Policies and Guidelines.

The interest earned on industrial revenue bonds are not necessarily tax exempt for federal income tax purposes. Industrial revenue bonds were tax exempt under Code §103(b)(2) as "industrial development bonds" before the Tax Reform Act of 1986 (P.L. 99-514). Bonds issued to acquire and develop land for an industrial park were tax exempt under Code §103(b)(5). Section 103 was substantially revised under the Tax Reform Act of 1986 such that most of the provisions conferring tax exempt status for IRBs were repealed.

The bonds to be issued by the Urban-County Government as "Industrial Revenue Bonds" will be classified as private activity bonds if either the "private business use" test or the "private loan financing" test of Code §141 is met. (See Annotation 5, above). Assuming that one of these tests is met, private activity bonds are tax exempt only if they are "qualified" as defined in Code §141(e). To be qualified, the bond must be one of seven types of bonds listed in §141(e), must meet the volume cap requirements of §146 and all of the technical requirements set forth in §147.

Categories of "qualified" bonds include "exempt facility bonds," defined in §142(a) bonds to include for which 95% or more of the net proceeds are used to provide: (1) airports, (2) docks and wharves, (3) mass commuting facilities, (4) facilities for the furnishing of water, (5) sewage facilities, (6) solid waste disposal facilities, (7) qualified residential rental projects, (8) facilities for the local furnishing of electric energy or gas, (9) local district heating or cooling, facilities, (10) qualified hazardous waste facilities, (11) high-speed intercity rail facilities or (12) environmental enhancements of

hydroelectric generating facilities. Bonds used to finance items (1) airports, (2) docks and wharves, (3) mass commuting facilities, and (12) environmental enhancements of hydroelectric facilities are exempt only if the property financed by the bonds is owned by a government unit. §142(b)(1)(A).

In addition to the use of proceeds requirements, an exempt facility must also comply with the technical requirements of §142(b) through §142(j).

Section §142(c)(2) further limits exempt property described as (1) airports, (2) docks and wharves, (3) mass commuting facilities, or (11) high-speed intercity rail facilities if the property is used for any private business use (defined as use in a trade or business not carried on by a government) and meets one of the following descriptions: a lodging facility, certain retail facilities and office buildings and "any industrial park or manufacturing facility." Thus, a manufacturing facility or industrial park must be used for one of the purposes listed above in §142(a) (4) through (10) and (12) in order to qualify as an exempt facility. Additional technical requirements are provided in §142 for each of these uses.

**Section 146** contains volume caps which limit the volume of tax-exempt private activity bonds that may be issued each calendar year in each state. KRS 103.286 establishes the Kentucky Private Activity Bond Allocation Committee to ensure compliance with the Kentucky volume ceiling.

**Section 147** provides additional requirements which may affect the exempt status of private activity bonds. In order for a bond already meeting one of the qualified purposes to remain qualified, the following general requirements must be met:

(1) The bond must not be held by a person who is a substantial user of the facilities or by a related person of a substantial user. §147(a).

(2) The average maturity of the bonds issued cannot exceed 120% of the average expected economic life of the facilities being financed with the bond. § 147(b).

(3) Not more than 25% of the bond proceeds may be used for the acquisition of land. §147(c).

(4) The bond proceeds may not be used for the acquisition of existing property unless the first use of the property is for such acquisition (e.g., multi-family residential rental housing) or certain rehabilitation expenditures will be made. §147(d).

(5) No portion of the bonds may be issued for skyboxes, airplanes, gambling establishments, or for the sale of alcoholic beverages. §147(e).

(6) The bond issue must be approved by the government which issued the bonds or on whose behalf the bonds were issued and by each governmental unit having jurisdiction over the area in which the facility is to be located. Elected legislators or certain elected

public officials may approve the bonds. A public hearing must be held prior to the approval. §147(t).

(7) The issuance costs of the bond may not exceed 2% of the proceeds of the issue. §147(g).

**Section 148** contains arbitrage rules which limit that amount of arbitrage (profit) that can be earned on a bond issue and are designed to assure that bonds aren't issued solely to make money. KRS 103.220(6) provides that no bonds shall be issued under Chapter 103 in violation of the arbitrage regulations.

**Section 149** requires that tax-exempt bonds be registered and that the bonds generally not be federally guaranteed. There are some exceptions, including a guarantee by the Federal Housing Administration and certain federal mortgage associations and corporations.

**Section 150** sets out defined terms and imposes special rules.

7. Private activity housing bonds are tax-exempt only if they meet the requirements set forth in Code Sections 141 through 150, outlined above at annotations 5 - 6. The financing of *existing* housing is also subject to limitations set forth in Code §147(d) which provides that a private activity bond is not qualified if the proceeds are used to acquire existing property "unless the first use of such property is pursuant to such acquisition" or unless the existing property is rehabilitated with bond proceeds equaling or exceeding 15% of the financed cost of the building.
8. KRS 103.215 authorizes alternative procedures for the purpose of financing the acquisition of an "industrial building." The government may issue bonds using a loan, lease, or installment sale in addition to obtaining fee simple ownership. KRS 103.215(2)(a) specifically authorizes a loan of the proceeds from the sale of the bonds to any person for the acquisition of an industrial building.
9. KRS 103.215(2)(b) provides that the loan and "any agreement or contract with respect thereto may include such provisions as such city or county shall deem appropriate to effect the securing of the financing undertaken in respect of such industrial building."
10. KRS 103.215(3) provides that in the event any city or county finances an industrial building in a loan or lease transaction, title to the building shall not be acquired by the city or county. Neither the statutory mortgage lien provided for in KRS 103.250 nor the forecloseable mortgage lien provided for in KRS 103.251 applies to the loans.
11. The proposed housing and industrial revenue bonds would be issued using the alternative procedures in KRS 103.215 which provide: "In the event of use of such alternative financing procedure, such bonds shall not constitute an

indebtedness of such city or county within the meaning of the Constitution of Kentucky. but shall be payable as to principal and interest solely from the revenues derived from the revenues derived from payments, repayments, or sublease payments made by such person to such city or county in respect of such loan, sale or sublease." KRS 103.230(2) provides that "it shall be plainly stated on the face of each bond that it has been issued under the provisions of KRS 103.200 to 103.280 and that it does not constitute an indebtedness of the city or county within the meaning of the Constitution."

12. The uses of the bond proceeds are limited by KRS 103.240 to six specific items. Bond proceeds must be used solely for (1) the acquisition of the industrial building and any utilities or equipment requisite to the use; (2) acquisition of pollution control facilities; (3) necessary expenses of preparing and selling the bonds; (4) the refunding of bonds; (5) providing debt service funds; and (6) advancing certain interest payments on the bonds. The statute specifically states that the bond proceeds may be used to acquire an "industrial building." However, as pointed out in the Policies and Guidelines, the definition of an "industrial building" was expanded in KRS103.200 by amendments adopted in 1980, 1982, 1984 and 1986.
13. Eleven of the fourteen activities specified in KRS 103.200(1)(a)-(n) as meeting the definition of a "building" or "industrial building" are listed in the Policies and Guidelines. Items (e) providing for recreation and park facilities, (k) providing for hotel and motel facilities, and (n) providing for the new construction in and revitalization of downtown business districts were omitted. These have been added to the revised draft.
14. The use of bonds for housing purposes is authorized by KRS 67.0830(j), which provides that bonds may be issued to facilitate the construction and purchase of new and existing housing. The Code requires that tax-exempt private activity bonds be used for facilities providing housing for individuals meeting certain income specifications (50% to 60% or less of the area median gross income). (See Annotation 5, above).
15. There are no statutory requirements governing procedures for preliminary review of the applications.
16. The IRB/HB Review Committee's procedures have not been reviewed.
17. The Private Activity Bond Allocation Committee's policy statement has not been reviewed.
18. KRS 103.210 permits the issuance of bonds by a city or county "only after an ordinance or resolution has been adopted by the legislative body of the city or fiscal court of the county, or the governing body of Kentucky Economic Development Finance Authority, if requested by the legislative body." KRS

67.71,2, which grants the same powers to an urban-county government as to a fiscal court, provides authorization for the Urban County Council to pass the ordinance. KRS 103.210 specifies certain items which must be included in the ordinance. The ordinance must specify "the proposed undertaking, the maximum amount of bonds to be outstanding at one time, and the maximum rate of interest the bonds are to bear." The ordinance must also provide that the industrial building is to be acquired pursuant to the provisions of KRS 103.200 to 103.285. The bond ordinance is effective only after publication of information about the transaction in an authorized newspaper. The process of adopting the bond ordinance is the province of LFUCG ordinances, which have not been reviewed.

19. The projects listed as appearing in the "Uses" section of the Policies and Guidelines as items (11), (12), (13) and (14) have been corrected to include three omitted items (See Annotation 10, above).
20. The review of projects by the Committee must include the five items set forth in the statute and may include additional items. The Committee must deny approval if the project does not meet the five criteria provided in §103.2101(1).

KRS 103.2101 subsections (3) and (4) contain specific procedures to be followed in the approval of a project by the Committee. The procedures are not listed in the Policies and Guidelines, but may be included, if desired.

KRS 103.286 established the Kentucky Private Activity Bond Allocation Committee with the specified purpose to ensure compliance by issuers of private activity bonds with state volume caps set forth in Code §146. Private activity bonds to be issued by the Urban-County Government will trigger the responsibilities of the Committee and the procedures provided in KRS. 103.2101.

KRS 103.210(2) provides the authority for the Kentucky Economic Development Finance Authority to issue bonds. The statute states that the authority is an "additional and alternative grant of power and authority" and is not a derogation of any powers of the other agencies.

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